

744-4480

Reb
A

2 JUN 1964

MEMORANDUM FOR: Director of Finance

SUBJECT : Administrative Reporting, Small Stations

1. A short time ago the ADDP directed that this office review the administrative requirements levied on the smaller (one to six man) stations and bases, and submit recommendations designed to eliminate the unnecessary requirements and to simplify those which were valid. Two areas where the need for simplification is most apparent are in financial reporting and financial property accountability. We have carefully reviewed the current practices and have drafted proposals which we believe would satisfy the needs of management as well as provide the necessary controls. The proposals have been discussed with the Chief, Audit Staff, and with the AF, NE, and WH Divisions. We are particularly anxious to simplify the reporting systems for some of the smaller stations now being opened in Africa and should appreciate your views as soon as possible.

2. In developing these drafts we proceeded on the principle that, in an age of electronic computers, there is something incongruous about a system which requires operations officers at stations averaging only one or two disbursements a day to maintain a set of financial records designed for a much more active post. Similarly, when a station's property assets are limited to a few items of office equipment, it serves no useful purpose to have operations personnel maintain a set of logistics records sophisticated enough for a small warehouse. It is our view that the chief of a small post should be required to report only the basic data, that the various financial and property reports should be prepared at Headquarters, and any required statistics maintained at ADP.

Financial Reporting

3. At the very small posts the financial reporting should be limited to (a) a description of individual transactions in sufficient detail to assure Headquarters that the disbursement was proper, and



~~SECRET~~

25X1A

(b) necessary assurances that the funds advanced to the post are adequately protected. [REDACTED] "Class B Accounting and Reporting Procedures," generally applies to all stations with no Finance Officers assigned. It includes seven chapters of instructions, policies, forms, and sample entries for every conceivable situation without regard to the probable scope of the small station's activities. Operations officers at the smaller one to six man stations are usually heavily committed to their operational programs, and any reduction in instructional material with which they must deal and records which they must maintain would provide them time to be applied to the more important administrative and operational functions of the station.

4. We have attached a draft of a system which will satisfy the requirements of the Area Divisions in terms of management, and the Audit Staff in terms of financial controls. We believe that it will also satisfy the needs of the Office of Finance in terms of financial reporting. It assumes that field personnel should be required to report the "how, when, where, why" of disbursements, and that supplementary schedules and statistical reports which are desired at Headquarters should be prepared at Headquarters. The basic vehicle is a voucher form which closely resembles a blank check. All information relating to a given transaction will be recorded on the form and will be sent to Headquarters or a WSHEADSET with the supporting documentation. This fulfills the station's responsibilities unless questions are raised by the reviewing official at Headquarters or WSHEADSET. Balances of cash on hand and outstanding advances are carried forward from stub to stub, and are all that the station needs to control its only two current assets. The vouchers will be pre-numbered, and will be submitted as frequently as desired but at least monthly. Finance Officers located at the WSHEADSET or at Headquarters will review the transactions, check the computations in the balances brought forward, and process the transactions for recording in the Agency's system of accounts. Copies of the check stub and the individual vouchers will be retained at the station in a bound book to form an auditable record. The net effect of this will be to have the field station prepare this basic data required (vouchers), but to have Headquarters or WSHEADSET prepare the formal accounting entries.

5. We believe the draft is self-explanatory, but we will be happy to discuss the proposal with you and to answer any questions which you may have.

Property Accountability

6. This office is presently in possession of a dispatch, prepared by the Office of Logistics and addressed to a new one-man

~~SECRET~~

64-4480

25X1A

station being established in [REDACTED]. This dispatch contains (a) two pages of typed narrative directing the establishment of Type II Financial Accounting for Property, (b) a copy of [REDACTED], a 31-page handbook of technical directions for property accountability, and (c) six envelopes of assorted forms, cards, and manifests. All of this is to enable the COS to keep track of a few items of ordinary office equipment. To install such a system to cover a handful of assets is, we believe, preposterous. In the first place, it would be unreasonable to expect any operations officer to ever understand such instructions unless he completely abandoned his operational mission until he grasped them. Second, even if he mastered the instructions we believe that they contribute nothing in the way of station management. General Carter recently asked for information concerning certain property overseas, and we were unable to provide it because no information is currently maintained at Headquarters.

25X1A6A

25X1A6A

7. As in the case of financial reporting, the fundamental approach to property accountability, particularly at the small posts, should be to provide the COS with an auditable inventory and to produce at Headquarters whatever statistical summaries are required. It could take the [REDACTED] several days to understand the technical requirements of [REDACTED] and to prepare the dozen or so property cards. The cards could have been prepared at Headquarters, by a Logistics or Finance Officer, in less time than it took to assemble the instructions to the COS. We believe that a very simple memorandum receipt system could be implemented at most small stations in the following manner:

25X1A

a. The Materiel Record cards, either in the present or a revised format, should be prepared at Headquarters in two copies for each item. One copy should be sent to the COS. This group of cards is the only record which is required at the station. The second card would provide the Headquarters record.

b. If additional property is sent to the station, a card for the new item would be provided in lieu of, or together with, shipping manifests and miscellaneous information now being sent. If property is purchased at the station, it would be reported to Headquarters and a card prepared and returned to the COS.

c. When property is expended for any purpose, the COS would describe the transaction on the reverse side of the card and pouch it to Headquarters. Headquarters would

take the necessary action to record the transaction and adjust the property records.

d. While there is little to recommend the present form of the Materiel Record card, it could be retained if there are reasons which are not known to us. However, we would propose that IBM punched cards be substituted. These could be punched at Headquarters to reflect nomenclature, cost, sterility code, or any other desired information. Station inventories could then be produced at Headquarters merely by running IBM listings.

e. Inventories could be periodically provided to the field station for comparison to the field's property cards, and/or to the Field Auditors immediately prior to the Field Station audit.

We are most anxious to develop a simplified financial and property reporting system which can be placed into effect at selected stations on a trial basis. If possible, we should like to initiate such a trial program as station chiefs are rotated this summer. We would therefore be most grateful for an early response.

[REDACTED]

Special Support Assistant/DDS

25X1A9A

cc : DD/S
ADDP
D/Eoc